

**Title of meeting:** Cabinet

**Date of meeting:** 25<sup>th</sup> September 2014

**Subject:** Landlords Maintenance Capital Budget

**Report by:** The Head of Housing & Property Services.

**Wards affected:** ALL wards

**Key decision:** Yes

**Full Council decision:** No

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## 1. Purpose of report

- 1.1 The purpose of this report is to highlight the potentially significant adverse implications of reducing the Landlords Maintenance Capital Budget going forward, and seeks to establish an on-going commitment to fund our Priority 1 landlord maintenance requirements.

## 2. Recommendations

It is recommended that Cabinet:

- (i) Note the shortfall in funding required to fulfil the backlog of repairs required to Portsmouth City Council's operational assets and recognises the implications of not delivering the required Priority 1 repairs.
- (ii) Agree to consider the content of this report, as part of the capital resource allocation process.

## 3. Background

### The Capital Strategy

- 3.1 On the 4<sup>th</sup> February 2009 the City Council approved the Capital Strategy 2008 - 2018. The key features of that strategy, which have been considered in the development of all subsequent capital programmes, are as follows:
- Contribution to the Corporate Plan & Vision for Portsmouth for non-commercial activities
  - Rate of return and payback for commercial activities
  - Retention of Community Assets

- Retention and maintenance of Heritage Assets
- The extent and level of surety of external funding
- The use of capital investment options appraisal
- Delivery of value of money
- The approach to risk - the expected benefits must outweigh risks
- Any overspending on approved Capital Schemes being the first consideration for the use of any available capital resources.

3.2 On 24<sup>th</sup> January 2012 the City Council approved the "Capital Investment Aspirations and Priorities 2011/12 and the Future". This update report to the Capital Strategy 2008-2018 revised the Capital Investment Priorities, as the Capital Strategy was in its third year, and proposed the following categories of Capital Schemes that are priorities for attracting Corporate Capital Funding:

- Category 1 Programmes of a recurring nature that are essential to maintain operational effectiveness
- Category 2 Specific schemes that:
  - Have a significant catalytic potential to unlock the regeneration of the City
  - Are significant in terms of the council strategies that they serve
  - Are significantly efficiency generating
  - If not implemented would cause severe disruption to Service delivery.

### **Capital Funding for Landlords Maintenance**

3.3 On 12<sup>th</sup> November 2013, the Capital Programme for 2014/15 was approved. Landlord Maintenance received a total of £235,000 of additional corporate capital resources, to fund Civic Office Ductwork maintenance and an Information Services Generator.

3.4 Landlords Maintenance - Capital Contingency also received £546,000, of which £134,000 has been earmarked for the Civic boilers, leaving £412,000 available. This funding is for unexpected emergency repairs and is the funding of last resort. Any use must be approved by the Head of Finance and Section 151 Officer in advance. Approval would normally only be given if in the event the repair was not carried out, the asset would have to close, resulting in severe service disruption.

<b>Capital Scheme</b>	<b>Exp to 31/3/2013 £</b>	<b>2013/14 £</b>	<b>2014/15 £</b>
Landlords Maintenance	1,145,577	1,407,068	265,989
Replacement Emergency Generator			145,000
Civic Office Ducting			90,000
Major Repairs to Corporate Property Portfolio	876,112	413,858	45,000
Landlords Maint - Capital Contingency			546,000
<b>Total</b>	<b>2,021,689</b>	<b>1,820,926</b>	<b>1,091,989</b>

### **Operational Assets Repairs Backlog**

3.5 Housing and Property Services have landlord maintenance responsibility for over 2,000 operational assets. Detailed surveys have been carried out and updated annually to ensure that the maintenance needs of all assets are recognised and planned into a medium term maintenance programme.

3.6 The most recent survey identified over 200 operational assets that had some form of backlog repair outstanding, although due to restrictions of safe access to survey roofs, these may be missing from the condition data, and consequently the overall condition of the Operational and Education portfolio of properties may be worse than presented. The repairs are categorised across 4 priorities:

- Priority 1 Works due within 1 year
- Priority 2 Works due within 2 years
- Priority 3 Works due within 3-5 years
- Priority 4 Works due greater than 5 years

3.7 The monetary value of the backlog repairs and the impacts of the works not being undertaken are detailed in Appendix 1, and can be summarised as follows:

<b>Priority</b>	<b>Total Operational Backlog Repairs* £</b>
1	1,375,000
2	9,398,298
3	3,781,156
4	485,170
<b>TOTAL</b>	<b>15,039,624</b>

\* Data correct as at 04/09/2014

3.8 As can be seen from the tables above, the level of resources approved for Landlord Maintenance in 2014/15 is insufficient to deliver the repairs that have been deemed to be required within a year. This will have a significant impact on the assets in question, and decisions will need to be made regarding whether assets are maintained, closed, or disposed of.

3.9 To avoid this scenario and in recognition of the Council's priority for Capital spend being for programmes of a recurring nature that are essential to maintain operational effectiveness (as per paragraph 3.2), it is recommended that Council's existing Policy for capital resource allocation, be amended to set aside capital funding for the on-going maintenance of existing operational assets, in advance of any new capital bids being considered.

### **Operational Education Assets Repairs Backlog**

3.10 Currently Portsmouth City Council receives Capital Grants from the Department for Education (DFE) to maintain and improve its schools. This is provided in two parts.

Capital Maintenance Funding To support the maintenance needs of the schools and Sure Start children's centres in their area.

Basic Need Funding To provide additional school places where needed in their area.

3.11 The table below shows the amount of funds allocated to Portsmouth by the DFE for capital purposes and compares it to the value of capital scheme approved by PCC. .

	<b>Voluntary Aided</b>	<b>Other LA maintained schools</b>	<b>Amount approved by Council</b>
2011/12	304,120	3,257,114	£2,500,000
2012/13	282,663	2,879,218	£3,742,000
2013/14	269,937	2,256, 975	£1,800,000
2014/15	262,505	2,246,807	£1,136,000
<b>TOTAL</b>	<b>1,119,225</b>	<b>8,383,139</b>	<b>9,178,000</b>

3.12 As mentioned in paragraph 3.5, Property Services carry out regular maintenance surveys to identify the works required to ensure that the maintenance needs of the assets are recognised and planned into a medium term maintenance programme. The monetary value of the education backlog repairs are detailed in Appendix 2, and can be summarised as follows:

<b>Priority</b>	<b>Total Education Backlog Repairs* £</b>
1	4,366,500
2	11,480,841
3	12,824,515
4	8,883,072
<b>TOTAL</b>	<b>37,554,928</b>

\* Data correct as at 04/09/2014

- 3.13 Once again, as can be seen from the tables above, the level of resources approved for the maintenance of Education Assets is insufficient to deliver the repairs that have been deemed to be required within a year. Again, this will have a significant impact on the assets in question, and the result of not carrying out these repairs could have a significant environmental impact on the pupils and consequently educational standards.

#### **Implications of not meeting the Operational Assets Repairs Backlog**

- 3.14 As discussed above and detailed in Appendix 1, there could be significant negative implications if the identified backlog repairs fail to be carried out. These range from the required closure of the asset, to the causing of severe health and safety risks, which could put the health and wellbeing of the public at risk.
- 3.15 In addition to the above, with a large majority of Property Services Staff relying on capital schemes against which to charge their time, reducing the maintenance programme reduces the staff levels required by Property services. This will not only result in additional redundancy costs, but reduces the Council's ability to deliver work efficiently and effectively in the future, as if resources are made available in the future, we would not have the staff to deliver the increased programme, and resources would need to be bought in again, and this may prove difficult in a sector that doesn't remunerate staff to the same extent as the private sector, resulting in the need to pay more expensive consultant rates. Reducing staff would also reduce the effectiveness of our contract management, as the local and technical knowledge of asset maintenance and how that relates to our property portfolio, would be lost.

#### **4. Equality impact assessment (EIA)**

- 4.1 A preliminary EIA has been carried out which indicates that the requirement for a full EIA is low.

#### **5. Legal Implications**

- 5.1 The body of the report contains a discussion of the key legal issues, and the Cabinet is empowered to approve the recommendations for consideration by the Full Council.

**6. Head of Finance's comments**

6.1 The Head of Finance has been consulted and is in agreement with the recommendations to this report. It should be noted however, that this will result in a reduction in the level of pooled resources that will be available for other priority schemes.

Signed by:

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Owen Buckwell, Head of Housing & Property Services

**Appendices:**

- 1 Operational Assets Backlog Repairs
- 2 Operational Education Asset Backlog Repairs

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....

**Priority 1 Operational Assets Backlog Repairs (over £5,000)**

Site Name	Sum of Priority 1	Implications of Not Undertaking Work
Guildhall Square - Civic Centre	£243,000	Several works with risks of roof damage and pedestrian risk if dislodged; H & S liabilities incl escape/emergency lighting; risk of water circulation failure and legionella; risk of lack of heating & cooling control.
Northern Road, Cosham - Portsmouth Craft & Manufacturing Unit	£170,000	Danger to occupants of non-compliant fire alarm installation.
Alec Rose Lane - Isumbard Brunel Multi Storey Car Park	£140,000	Lift failure imminent due to component corrosion - no DDA access to upper floors.
Guildhall Square - The Norrish Central Library	£100,000	Increase in legionella risk by not replacing the wet system.
The Hard - Round Tower	£100,000	Deterioration of walls if repairs not undertaken. Reputation loss to public and English Heritage.
The Hard - Square Tower	£100,000	Electrical installation and emergency lighting non-compliance. Liability for staff and customers/public.
Casement Arches adjacent to Round Tower	£75,000	Non asphalt replacement under paving would lead to deterioration of tourist attraction. Reputation loss to public and English Heritage.
Long Curtain Road - Kings Bastion	£75,000	Deterioration of tourist attraction and listed structure due to structural repairs to fortification and moat not being carried out. Reputation loss with public and English Heritage.
Farlington Pavilion - Eastern Road	£68,000	Deterioration and reputation loss with tenants/clubs and public because of roof/windows/walls works not being undertaken.
The Hard - Saluting Battery Walls	£60,000	Deterioration of sea defence and listed walls.
London Road, Hilsea - Gatcombe Park Wall	£50,000	Ongoing repairs on this historic feature. Deterioration of wall and reputation loss with public.
Omega Street, Southsea - Omega Centre	£45,000	Deterioration and reputation loss to public and English Heritage
Clarence Esplanade - Southsea Castle	£44,000	Non-repairs to walls, windows and doors will deteriorate the tourist attraction. Reputation loss to public and English Heritage.
Cosham Community Centre - Wootton Street	£40,000	Discomfort to staff and public due to non replacement heating to bar and function areas.
The Hard - Round Tower, under-viewing platform	£35,000	Deterioration of tourist attraction due to non-asphalt replacement. Reputation loss to public and English Heritage.
Wilson Road - Stamshaw and Tipner Leisure Centre	£30,000	Non-roof replacement would lead to deterioration and discomfort to tenant, staff and public.
<b>Total Capital R+M</b>	<b>£1,375,000</b>	

**Priority 1 Operational Education Assets Backlog Repairs (over £5,000)**

<b>Education Site</b>	<b>2015/16 Sum</b>	<b>Implications of Not Undertaking Work</b>
Penhale Road - Penhale Infant School and Nursery Unit	£684,000	School closure due to leaks, loose tiles, decayed masonry and windows.
St Ronans Road - Craneswater Junior School	£485,000	Windows beyond repairs and leaks to class rooms; loss of heating and school closure.
Meon Road - Meon Junior School	£418,000	Water penetration to masonry; loss of heating and school closure.
City Boys School (Co-Education)	£386,000	Continued deterioration of structure with leaks/damp to walls - works required in advance of transfer.
Solent Road - Solent Junior School	£380,000	Loss of heating and school closure.
Mayfield Road - Mayfield School	£360,000	Felt roofs beyond repair. Leaks to corridors and Hall H&S.
Penhale Road - Harbour School	£270,000	School closure due to leaks and loose tiles; continuing structure damage.
Shelford Road - Meon Infant School	£237,000	Loss of heating and school closure
Fernhurst Junior	£210,000	Loss of Heating and school closure.
Fernhurst Junior School	£120,000	Loss of Heating and school closure.
Corpus Christie RC Primary School	£120,000	Non-compliant installation. H+S risk
Central Road - Springfield School	£100,000	Felt roof beyond repair. Possible closure of block
Wimborne Junior School	£90,000	Erosion of pointing resulting in unstable outer masonry
Copnor Road - Copner School	£80,000	Chimneys defective and damaging classroom ceilings.
Albert Road - Southsea Infant School (Lodge )	£70,000	Corroded iron fire escape not safe for use. Closure of upper floors. Windows beyond repair above playground.
Langstone Junior School	£62,500	School will have continued disruptions due to power failures.
Medina Road - Medina Primary School	£43,000	Non-compliant emergency lighting installation. H+S risk.
Doyle Avenue - Northern Parade Primary School	£40,000	Loss of heating and school closure. Design only 2015/16.
Wimborne Infant School	£35,000	Window frames decayed. Risk of glass failures
Hilary Avenue - Court Lane Junior School	£32,000	Loss of electronic heating controls and reversion to manual operations
Ascot Road - Langstone Infant School	£30,000	Loss of electronic heating controls and reversion to manual operations
Tipner Road - Stamshaw Infant School	£25,000	Windows beyond repair and leaks to class rooms.
Eveleigh Road - Solent Infant School	£24,000	Continued leaks to staff room (demoralising).
<b>Total Capital R+M</b>	<b>£4,366,500</b>	